MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, NOVEMBER 14, 2012:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, November 14, 2012, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Gordon Dexter, called the meeting to order.

1) Pledge of Allegiance.

At the request of President Dexter, Director Dizmang led the pledge of allegiance.

2) Roll Call.

Attendance:	**Others Present:**
Gordon Dexter, President	Dennis LaMoreaux, General Manager
Gloria Dizmang, Vice President	Tim Gosney, Attorney
Kathy Mac Laren, Treasurer	Mike Williams, Finance Manager
Robert Alvarado, Secretary -- Arrived Late	Matt Knudson, Engineering Manager
	Peter Thompson II, Operations Manager
Steve Cordova, Director	Tim Moore, Facilities Manager
	Jon Pernula, Water & Energy Resources Manager
	Bob Egan, Financial Advisor
	Jeannie Burns, Human Resources Consultant
	Dawn Deans, Executive Assistant
	10 members of the public

3) Adoption of Agenda.

After a brief discussion, it was moved by Director Mac Laren, seconded by Director Dizmang, and unanimously carried to adopt the agenda, as amended, with Agenda Item No. 7.10 considered after Agenda Item No. 11.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) Solar Opportunities for PWD. (Water & Energy Resources Manager Pernula)

Water & Energy Resources Manager Pernula clarified the District's green energy objectives for using solar energy as an additional source of revenue, to offset current electrical costs, and to secure a profit from the sale of electricity and then reviewed the District's current green energy projects, available solar options and staff's evaluation and analysis of these options, and energy rates available to the District. He then recommended the District remain open to green energy projects, but based on staff's analysis and ability to secure the best energy rates, staff does not recommend any green energy project at this time other than a lease of District-owned property to a solar producer.

6) Action Items – Consent Calendar: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Board of Directors Prior to Action Being Taken.)

6.1) Approval of Minutes of Regular Meeting Held October 24, 2012.

6.2) Payment of Bills for November 14, 2012.

It was moved by Director Mac Laren, seconded by Director Alvarado, and unanimously carried to approve those items included in the Consent Calendar.

7) Action Items – Action Calendar: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Board of Directors Prior to Action Being Taken.)

7.1) Consideration and Possible Action to Adopt Resolution No. 12-14 Approving an Installment Purchase Agreement to Refund the District's Refunding Revenue Certificates of Participation Series 1998 and Authorizing the Execution and Delivery of Said Installment Purchase Agreement and Related Documents. (Financial Advisor Egan)

Financial Advisor Egan and Consultant Northcross reviewed the process and benefits to the District from refunding the 1998 Certificates of Participation, and after a further discussion of the savings to the District and of bond requirements, it was moved by Director Mac Laren, seconded by Director Dizmang, and unanimously carried to adopt Resolution No. 12-14 Approving an Installment Purchase Agreement to Refund the District's Refunding Revenue Certificates of Participation Series 1998 and Authorizing the Execution and Delivery of Said Installment Purchase Agreement and Related Documents.

A copy of said Resolution No. 12-14 is hereby made a portion of the minutes of this meeting.

7.2) Adjourn to Palmdale Water District Public Facilities Corporation Board Meeting.

It was moved by Director Alvarado, seconded by Director Mac Laren, and unanimously carried to adjourn the Palmdale Water District regular Board meeting to the Palmdale Water District Public Facilities Corporation Board meeting.

7.3) Status Report on Cash Flow Statement and Current Cash Balances as of September 30, 2012. (Financial Advisor Egan)

Financial Advisor Egan reviewed the cash report, investment balances, and cash flow report for the month of September 2012 and stated that year-end total cash is as anticipated.

7.4) Status Report on 2012 Financial Statements, Revenue and Expense and Departmental Budget Reports for September 30, 2012. (Finance Manager/CFO Williams)

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year and month-to-month revenue and expense analysis, and individual departmental reports through September 2012 along with the graphs for these reports and a graph comparing personnel costs to operational costs. He then stated that the target expenditure percentage should be at or below 75% and that all departments are at or below this expenditure with the exception of Administrative Services, which is at 77% due to the purchase of replacement water meters.

7.5) Status Report on Committed Contracts Issued. (Engineering Manager Knudson)

Engineering Manager Knudson reviewed the Engineering Department Projected Payout Schedule, which includes a payment to B.V. Construction for Specification No. 0902 and GAC pilot study payments.

7.6) Consideration and Possible Action on 2012 WateReuse Association Membership. ($2,300.00 – Budgeted – General Manager LaMoreaux)

After a brief review of the benefit to the District from membership in the WateReuse Association, it was moved by Director Mac Laren, seconded by Director Alvarado, and unanimously carried to approve 2012 District membership in the WateReuse Association in the not-to-exceed amount of $2,300.00.

7.7) Consideration and Possible Action on Adding Section 4.10 – Directors' Social Media Communications Policy to PWD Rules & Regulations. (Outreach Committee)

After a brief discussion of additional revisions to proposed Section 4.10 – Directors' Social Media Communications Policy, it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to approve Section 4.10 – Directors' Social Media Communications Policy to the Palmdale Water District's Rules & Regulations.

7.8) Consideration and Possible Action on District Participation in Palmdale Holiday Parade. (Director Cordova)

After clarification of the minimal cost involved with the District's participation in the Palmdale Holiday Parade, it was moved by Director Mac Laren, seconded by Director Dizmang, and unanimously carried to approve District participation in the Palmdale Holiday Parade.

7.9) Consideration and Possible Action on Adoption of Revised Organization Chart. (General Manager LaMoreaux/Ad Hoc Committee)

President Dexter stated that the Ad Hoc Committee of himself and Director Dizmang met with General Manager LaMoreaux and reviewed and reworked the Organization Chart after which General Manger LaMoreaux reviewed proposed Organization Chart revisions as well as cost savings from these revisions.

After a brief discussion, it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to approve the Organization Chart as presented.

7.11) Consideration and Possible Action on Board and Staff Attendance at Conferences, Seminars, and Training Sessions as Follows:

a) NACB, Inc. Mobile Crane Inspector Training to be Held December 3 – 7, 2012 in Los Angeles.

It was moved by Director Alvarado, seconded by Director Cordova, and unanimously carried to approve attendance at the NACB, Inc. Mobile Crane Inspector Training to be held December 3 – 7, 2012 in Los Angeles.

8) Information Items.

8.1) Reports of Directors: Meetings/Committee Meetings/General Report.

Director Mac Laren reported that the Personnel Committee met and received additional clarification on the CalPERS pension reform legislation with additional information expected; that Obamacare will be here; and that the Committee continues working on more information.

Director Alvarado reported that on November 3, 2012 he participated in the 2012 A.V. Veteran's Parade; that there were over 200 entries with the District's being #196; that this was a well-attended community event and the veterans appreciated the District's participation and support; that the District spent zero dollars on this event while getting good publicity out there; that on November 5, 2012, he attended the Outreach Committee meeting and is proud to announce that the entire team continues to work hard to find new ways to promote transparency in the information the District gives its customers via videos in the lobby, email notifications, the newsletter, the facebook page, and the website and then gave kudos to the staff and Committee members; that on November 13, 2012, he attended a briefing with General Manager LaMoreaux and Finance Manager Williams, and this is a time when Directors have the opportunity to ask questions about items on the agenda, about the budget, monthly expenses, revenues, investments, upcoming projects, needed repairs, contracts to be awarded, District-wide operations, and so much more; and that as a new Director, he appreciates these briefings.

Director Dizmang reported that on October 29, 2012, she attended the Ad Hoc Committee meeting regarding the organization chart; that on November 5, 2012, the Outreach Committee met and Director Alvarado summarized the meeting; that on November 7, 2012 she attended the Personnel Committee meeting; and that on November 9, 2012, she attended a Board briefing.

President Dexter stated that the Board's actions this evening have so far saved approximately $300,000.

There were no further reports from Directors.

8.2) Report of General Manager.

a) District vacancies.

General Manager LaMoreaux stated that the list of vacancies included in the agenda packets is based on the previous organization chart and is outdated and that there are five vacancies under the new organization chart.

b) Palmdale Recycled Water Authority Status.

General Manager LaMoreaux stated that President Dexter, Mayor Ledford, City Manager Childs, Public Works Director Mischel, Engineering Manager Knudson, and himself are scheduled to meet tomorrow to discuss the operations of the Palmdale Recycled Water Authority, and future reports will be provided.

He then reported that he attended the Local Agency Formation Commission (LAFCO) meeting this morning; that LAFCO approved the District's Municipal Service Review with no questions or negative comments; that they said very nice things about the District's website; and that Engineering Manager Knudson conducted the majority of the work for the Municipal Service Review.

Operations Manager Thompson II then provided a status report on the cause and solution of the recent taste and odor issue and stated that this issue has been resolved.

8.3) Report of Attorney.

Attorney Gosney reported that a recent article in the Christian Science Monitor indicated that 12.6% of all energy generated in the United States goes towards moving water and that California's percentage is likely higher due to moving the water north to south.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

At 8:25 p.m., President Dexter called for a five minute recess. He reconvened the regular meeting at 8:30 p.m.

10) Closed Session Under:

10.1) Government Code Section 54956.9(a), Existing Litigation: ***Antelope Valley Ground Water Cases.***

10.2) Government Code Section 54956.9(a), Existing Litigation: ***United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW.***

10.3) Government Code Section 54956.9(a), Pending Litigation: ***Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561.***

10.4) Government Code Section 54956.9(a), Pending Litigation: ***Velez vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216.***

10.5) Government Code Section 54957.6, Conference With Labor Negotiator (General Manager, Legal Counsel, Human Resources Consultant) Regarding Benefits for Unrepresented Employees.

At 8:30 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing and Pending Litigation – four cases: *Antelope Valley Ground Water Cases* and *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561* and *Velez vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216* and *Government Code Section 54957.6, Conference With Labor Negotiator (General Manager, Legal Counsel, Human Resources Consultant) Regarding Benefits for Unrepresented Employees.*

He reconvened the regular meeting at 9:30 p.m.

11) Public Report of Any Action Taken in Closed Session.

Attorney Gosney reported that a closed session had been held under Government Code Section 54956.9(a), Existing and Pending Litigation – four cases: *Antelope Valley Ground Water Cases, United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case*

No. 34-2010-80000561 and *Velez vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216;* that the Board was briefed on the status of these matters, and staff and counsel were given instructions as to how to proceed; but that no reportable action under the Brown Act was taken in closed session on any of these matters.

Attorney Gosney then reported that a closed session had also been held under Government Code Section 54957.6, Conference With Labor Negotiator (General Manager, Legal Counsel, Human Resources Consultant) Regarding Benefits for Unrepresented Employees; that the Board was briefed on benefits and had discussions concerning potential benefit items for unrepresented employees to be discussed with the labor negotiators; that the labor negotiators were given instructions; but that no reportable action under the Brown Act was taken in closed session on this matter.

7.10) Consideration and Possible Action to Authorize Recruiting for the Vacant Positions of Field Service Tech. I, Senior Maintenance Worker, and Service Worker I. (General Manager LaMoreaux)

After a brief discussion of these positions, the hiring freeze, and of the 2013 budget, it was moved by Director Dizmang, seconded by Director Cordova, and carried on a 4 – 1 vote, with Director Mac Laren opposed, to authorize recruiting for the vacant positions of Field Service Tech. I, Senior Maintenance Worker, and Service Worker I.

12) Board Members' Requests for Future Agenda Items.

Director Alvarado, on behalf of the Board, thanked the District's veterans – Erik Bouthillier, Darrel DeVera, Bernie Fischenich, Mike Edgar, Brian Enos, Peter Henrie, Tyrone Jones, Dan McKinsey, Jim Stanton, Joe Kerschner, Dan Menko, and retirees – Dale Burton, Joe Pipkin, and Art VanDyken for serving our country and for serving the District and its customers.

Director Dizmang requested an item be placed on a future agenda for "Consideration and possible action on establishing a per diem policy for travel expenses" after which Attorney Gosney clarified that AB1234 does not permit the payment of per diems for public officials.

Director Dizmang then requested an item be placed on a future agenda for "Consideration and possible action on cost estimate for implementing a level pay program for 2013."

13) Adjournment.

There being no further business to come before the Board, the regular meeting of the Board of Directors of the Palmdale Water District was adjourned.

Robert E Alvarado

Secretary

RESOLUTION NO. 12-14

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, APPROVING AN INSTALLMENT PURCHASE AGREEMENT TO REFUND THE DISTRICT'S REFUNDING REVENUE CERTIFICATES OF PARTICIPATION SERIES 1998 AND AUTHORIZING THE EXECUTION AND DELIVERY OF SAID INSTALLMENT PURCHASE AGREEMENT AND RELATED DOCUMENTS

WHEREAS, the Palmdale Water District, a California irrigation district organized and existing under the laws of the State of California (the "District"), is authorized to enter into agreements and to finance the acquisition and construction of improvements to the District's water system (the "System"); and

WHEREAS, the District and the Palmdale Water District Public Facilities Corporation (the "Corporation") have previously entered into that certain Amended and Restated Installment Purchase Agreement, dated as of March 1, 1998 (the "1998 Installment Purchase Agreement"), for the purpose of refinancing the cost of acquiring various improvements to the System through the execution and delivery of the $21,925,000 Refunding Revenue Certificates of Participation Series 1998 (the "1998 Certificates"); and

WHEREAS, the District and the Corporation now desire to enter into an Installment Purchase Agreement (the "2012 Installment Purchase Agreement") for the purpose of prepaying the remaining installment payments due under the 1998 Installment Purchase Agreement and, in turn, prepaying the outstanding 1998 Certificates in order to reduce the District's borrowing costs; and

WHEREAS, to obtain the funds required to prepay the 1998 Certificates, the Corporation will assign certain of its rights under the 2012 Installment Purchase Contract to the Bank of Nevada (the "Purchaser") in accordance with the terms of that certain Assignment Agreement (the "Assignment Agreement") between the Corporation and the Purchaser; and

WHEREAS, for this financing there has been presented to the District the forms of the 2012 Installment Purchase Agreement, the Assignment Agreement and an agreement for services from bond counsel to the District (the "Agreement for Services") for approval;

WHEREAS, the 2012 Installment Purchase Agreement, the Assignment Agreement and the Agreement for Services are necessary to accomplish the prepayment of the 1998 Certificates;

NOW, THEREFORE, the Board of Directors of the Palmdale Water District does hereby RESOLVE, DETERMINE and ORDER as follows:

Section 1. Each of the above recitals is true and correct and is adopted by the legislative body of the District.

Section 2. The forms of the 2012 Installment Purchase Agreement and the Agreement for Services are hereby approved and each of the President of the District, the General Manager of the District or their written designees (the "Authorized Officers"), acting alone, is hereby authorized

and directed to execute and deliver the 2012 Installment Purchase Agreement (subject to the limitations set forth in the following sentence) and the Agreement for Services in the name of and on behalf of the District, in substantially the form and content now before this meeting, but with such changes, modifications, additions and deletions therein as shall be deemed necessary, desirable or appropriate by the Authorized Officer or Authorized Officers executing the same, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Officers. The 2012 Installment Purchase Agreement shall be executed only if the total principal components due thereunder do not exceed $12,800,000, the maximum interest rate for the interest components due thereunder shall not exceed 3.1% per annum and the net present value savings to the District, as calculated by the District's financial advisor, shall not be less than 5% of the outstanding principal amount of the 1998 Certificates.

Section 3. The District hereby consents to the assignment by the Corporation of certain of the Corporation's rights under the 2012 Installment Purchase Agreement, including the right to receive the Installment Payments thereunder, to the Purchaser and hereby approves the form of the Assignment Agreement by and between the Corporation and the Purchaser provided that the consideration paid by the Purchaser pursuant to the Assignment Agreement is in an amount sufficient to provide for the prepayment of the 1998 Certificates and the costs of issuance related to the execution and delivery of the 2012 Installment Purchase Agreement.

Section 4. The President of the Board of Directors, the Secretary of the Board of Directors, the General Manager and any other proper officer of the District are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents necessary or proper for carrying out the transactions contemplated by this Resolution.

ADOPTED, SIGNED and APPROVED at a regular meeting of the District this 14th day of November, 2012.

President

ATTEST:

Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Robert Alvarado, Secretary of the Palmdale Water District, hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the members of said District duly and regularly held at the regular meeting thereof on the 14th day of November, 2012, of which meeting all of the members of said District had due notice and at which a majority thereof was present; and that at said meeting said Resolution was adopted by the following vote:

AYES: Gordon Dexter, Gloria Dizmang, Kathy Mac Laren, Robert Alvarado, Steve Cordova

NOES: None.

ABSENT: None.

I further certify that I have carefully compared the foregoing Resolution with the original minute of said meeting on file and of record in my office; that said Resolution is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Robert E. Alvarado

Secretary, Palmdale Water District

(SEAL)